1 Introducing logistics

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Economic context

- Logistics as an operational tool within a company;
- direction that many companies have operated until the 1980s;
- increase in competition at all levels (raw materials, finished products, high consumption goods, capital equipment etc.);
- marked reduction in product lifespan;
- greater flexibility for the companies;
- increased capacity to adapt more rapidly to the needs of a market in evolution;
- origin of integrated logistics.
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Integrated logistics

- Coordinated management, according to a systemic vision, of the logistics activities of different companies involved in the management of the materials and information flows;

- aim: maximization of the overall profitability;

- increase of the relationships among different partner companies;

- two different alternative forms:
  - efficiency approach: relies on intelligent relations;
  - differentiation approach.
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Intelligent relations (1/3)

Stipulation of contracts of a strictly operative nature that:

- do not modify the company’s own strategies;
- speed up exchanges with the partners;
- lead to a reduction of waste and of activities that do not provide an added value.
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An intelligent relations case is that of Calzedonia, which uses an ERP software. The system is available on a web portal for the person in charge of purchasing, and provides all the information about orders in real time. When the company decided to adopt this system, it notified its suppliers that orders would no longer be placed by fax, but rather by email. All the confirmations or changes to orders made by email are integrated within the ERP software of the company and flow together into the portal.
Thanks to this software, the users of the purchasing office can dedicate their time to activities that generate added value (identify the best prices, create a climate of mutual interests with the suppliers, coordinate themselves etc.) and concentrate on problems of delays to supplies. The suppliers feel more controlled (the delivery date of materials is a precise date) and also more responsible with regard to respecting deadlines. All this leads to a better planning of production by the company and, in general, to a greater competitiveness of the integrated logistics system.
Differentiation approach (1/3)

- Company tries to forge exclusive alliances with the partners;
- unique and privileged relationships that are not replicable by competitors;
- added value with respect to the competition.
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An example of a differentiation strategy is the alliance between Nokia, a Finnish company specializing in the manufacture of cellular telephones, and Yahoo!, an American company supplying broadband services, electronic mail etc. The agreement is not only about mutual support and market share increase but also a challenge to rival companies, such as Apple and Google, which offer wireless services. By making available the integration of its OVI Maps, Nokia has become an exclusive global supplier for the navigation services and maps of Yahoo! On the other hand, Yahoo! made its own messaging technology available to Nokia exclusively.
Yahoo! has therefore become the official supplier of Ovi Mail and Ovi Chat. To guarantee a maximum quality service for its own customers, the two companies benefit from advantages relative to their respective global distribution structures and the joint strength of their own brands.